


# Worksession

<b>Agenda Item #</b>	3
<b>Meeting Date</b>	January 29, 2007
<b>Prepared By</b>	Barbara B. Matthews City Manager
<b>Approved By</b>	

<b>Discussion Item</b>	Community Center Financial Report and Status Report on Phase One and Two
<b>Background</b>	The City Manager has historically provided the City Council with periodic financial reports on the Community Center project, as well as construction updates.
<b>Policy</b>	The City Manager provides the City Council with updates on the Community Center project to assist the City Council in the performance of its duties.
<b>Fiscal Impact</b>	None
<b>Attachments</b>	Community Center Financial Report dated January 26, 2007
<b>Recommendation</b>	For Discussion Only
<b>Special Consideration</b>	

# Memo

**To:** City Council

**From:** Barbara B. Matthews, City Manager *BBM*

**Date:** January 26, 2007

**Re:** Community Center Financial Report

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Attached is a current financial report for the Community Center project. There are several factors related to the financial report that I wanted to call to your attention.

## Revenues

The report reflects project revenues of \$12,170,243—an increase of \$52,680 from the date of the last financial analysis. The increase is attributable to the addition of FY07 Program Open Space Funds for the gym feasibility study.

Project revenues include \$381,500 from the sale of two City-owned properties located on Piney Branch Road. The City Council previously authorized a sales contract for the residential property in the amount of \$226,500. The contract subsequently fell through due to the buyer's inability to obtain conventional mortgage financing due to the condition of the property. Whether or not sale of the property will ultimately generate this amount of revenue is unknown.

## Expenditures

As of the date of this report, the value of the contract between the City and James F. Knott Construction (the contractor for Phase One) is \$9,046,711. Estimated future expenditures reflect the balance not yet paid on this amount, less the amount of liquidated damages (\$174,000) payable as of October 23, 2005 and retainage payable directly to PowerMax, Inc. in accordance with the settlement agreement. James F. Knott Construction has requested an extension of the contract completion date to which the City has not agreed.

It should be noted that there are a number of outstanding issues associated with Phase One of the Community Center project. These issues are discussed in greater detail below. This report assumes that these issues are resolved between the parties without litigation. Should this not be the case, the City's costs for legal and consulting services would increase.

The current value of the contract between the City and TRG Construction, Inc. (the contractor for Phase Two) is \$1,360,019. During the course of the project, the City elected to have the firm perform work unrelated to the Community Center construction. The value of this non-project related work is \$115,854, resulting in an adjusted contract sum of \$1,257,754.

Estimated future expenditures related to the City's contract with TRG Construction reflects the balance of the contract sum plus the value to pending Proposed Change Orders (PCO)s. Because TRG Construction did not achieve substantial completion by the contractually agreed upon date for the elevator installation, liquidated damages will be assessed. The amount of the liquidated damages is unknown at this time and is not reflected in this financial analysis.

Expenditures reflected for the first time in this financial report include costs related to the gym feasibility study and the settlement agreement with PowerMax, Inc. The settlement agreement with PowerMax, Inc. resolved a number of PCOs that were the subject of mediation in May 2006; the agreement also provided for the release of retainage directly to PowerMax.

### **Proposed Change Orders**

The PCO log provided as part of this financial report reflects all items submitted by James F. Knott Construction Company, the contractor for Phase One, that are pending as of the date of this report. The value of these items as submitted by the contractor totals \$214,681.

Based on the review of project architect Lawrence Abell and Associates and/or Charron Consulting, the City has not accepted many of the PCOs submitted by the contractor. Some items were deemed to be part of the contracted scope of work while the value of others was deemed to be high. In certain instances, the contractor did not submit information requested by the City by the established deadline.

The City's analysis of the remaining PCOs reflects a significant difference between the amount submitted by James F. Knott Construction Company (\$214,681) and the amount deemed reasonable by the City's representatives (\$37,526). This financial report shows this difference as a potential add-back of \$177,155.

The final amount at which the remaining PCOs are resolved will depend on the outcome of continued negotiations and/or legal proceedings between the parties.

### **Conclusion**

The significant value of the PCOs that remain unresolved with James F. Knott Construction makes it difficult to determine the financial status of the project. Assuming all outstanding PCOs are resolved at the amounts stemming from the City's analysis, an additional \$284,140 would need to be appropriated from the General Fund for the Community Center project. As noted earlier in this report, this figure does not reflect the payment of liquidated damages by TRG Construction, as the amount is unknown at this time.

The funding shortfall reflected in this report is approximately \$58,000 greater than the prior projection. Approximately half of this amount is attributable to the payment made by the City to PowerMax, Inc. in accordance with the terms of the settlement agreement.

**City of Takoma Park**  
**Community Center Financial Report**  
**January 26, 2007**  
**Summary**

		Notes
Revenues	\$12,170,243.14	
Less Expenditures to Date	(\$11,794,792.41)	
Less Projected Expenditures	(622,064.33)	
Projected Balance	(246,613.60)	
Less Pending PCOs submitted by James F. Knott Construction Company	(214,681.00)	Inclusion of these items does not represent City acceptance of items and/or dollar values
Project Balance if Submitted Value of Pending PCOs is paid	(\$461,294.60)	
Potential Add-Back Based on City's PCO Review	\$177,155.00	Figure reflects analysis of LAA and/or Charron compared to amount submitted by JFK. Final amount will depend on the outcome of negotiations between the parties.
Project Balance if PCOs Resolved at City's Review Amount	(\$284,139.60)	

**Notes:** This report reflects known and projected expenditures for Phase One and Phase Two of the Community Center project, as well as the cost of certain technical studies and a feasibility study related to the proposed construction of a gymnasium.

The project balance does not reflect recovery or release of liquidated damages regarding TRG Construction.

City of Takoma Park  
Community Center Financial Report - Revenues

Source	Description	Amount	Total
City Funds	Bond Proceeds FY02 and FY05	\$4,537,572.00	
	Designated Reserve for office changes	\$300,000.00	
	Stormwater Fund Operating Transfer	\$200,000.00	
	General Fund (reallocated street improvement funds)	\$383,950.00	
	Year-end Transfer	\$100,000.00	
	Reserve Fund FY04	\$76,696.00	
	Reserve Fund FY05	\$76,696.00	
	General Fund (reallocated street improvement funds) FY05	\$125,000.00	
	General Fund FY05	\$200,000.00	
	Year-end Transfer June 30, 2004	\$200,000.00	
	Proceeds from sale of Piney Branch properties	\$381,500.00	
	Designated Reserve for Landscaping and Gym Studies FY06	\$27,010.00	
	Reserve Fund FY07	\$180,000.00	
			<b>\$6,788,424.00</b>
County	Montgomery County	\$1,250,000.00	
	Montgomery County FY05	\$750,000.00	
	Montgomery County Stormwater matching grant	\$350,000.00	
			<b>\$2,350,000.00</b>
State	State of Maryland	\$1,500,000.00	
	State of Maryland FY05	\$300,000.00	
	State of Maryland FY06	\$350,000.00	
	Program Open Space FY04	\$332,365.00	
	Program Open Space FY05	\$125,000.00	
	Program Open Space FY06	\$122,324.00	
	Program Open Space FY07	\$52,680.14	
			<b>\$2,782,369.14</b>
Federal	Earmark for Computer Learning Center	\$249,450.00	
			<b>\$249,450.00</b>
	<b>TOTAL REVENUES</b>		<b>\$12,170,243.14</b>

**Notes:** FY07 Program Open Space funds reflect those attributable to the gym feasibility study only, pending Council decision to move forward with construction.

City of Takoma Park  
Community Center Financial Report - Expenditures

Vendor	Paid through January 26, 2007	Estimated Future Expenditures	Notes
James F. Knott Construction Co.	\$8,440,122.00	\$400,683.00	Future expenditures reflect balance of Contract Sum as of report date, after liquidated damages due as of 10-23-05 (\$174,000) and payments to PowerMax per settlement agreement. Total value of other deductions TBD.
Lawrence Abell & Associates	\$1,167,438.29	\$20,000.00	Architectural and design fees
City of Takoma Park Project Manager	\$211,963.81	\$0.00	
Charron Construction Consulting	\$195,783.00	\$6,933.00	Reflects current contract authorization and administrative extension by City Manager.
Watt, Rieder, Hoffar & Fitzgerald, LLP	\$108,767.60	\$15,000.00	Specialized Legal Counsel
Brower, Kriz & Stynchomb, LLC	\$11,307.24	\$0.00	Schedule reviewer
Other Project Consultants	\$62,391.29	\$0.00	Expenses for engineering consultant, traffic study, etc.
Storage Facilities and Trailer and Equipment	\$56,183.42	\$0.00	
Utility Company Fees	\$144,974.95	\$0.00	PEPCO, WSSC, Verizon, and Washington Gas
Montgomery County Permit Fees	\$43,786.57	\$0.00	
Voice and Data Communications	\$31,680.83	\$0.00	Cabling and other work
Movers, including Furniture Reassembly	\$17,655.25	\$0.00	
Interior Building Signage	\$4,293.30	\$30,707.00	Includes design and purchase costs
Thayer Electric	\$29,124.63	\$0.00	Various tasks related to County electrical inspection, relocation of Police communications, etc.
VMP Construction, Inc.	\$12,750.00	\$0.00	Installation of brick pavers, wheel chair ramps, etc.
Landscaping and Site Improvements	\$11,749.00	\$0.00	
TRG Construction	\$1,146,078.00	\$111,676.00	Reflects Contract Sum for project work, plus pending PCOs. Amount of liquidated damages TBD based on substantial completion date.
ANCL Architects	\$42,680.14	\$10,000.00	Gym Feasibility Study
Gym-Related Technical Studies	\$11,272.00	\$10,000.00	Soil borings, utility location, etc.
PowerMax, Inc.	\$42,993.59	\$17,065.33	Payment for settlement of mediated claims, plus retainage. Future release of retainage tied to completion of work.
American Arbitration Association	\$1,797.50	\$0.00	Fee for PowerMax Mediation
<b>TOTAL EXPENDITURES</b>	<b>\$11,794,792.41</b>	<b>\$622,064.33</b>	

**City of Takoma Park**  
**Community Center Financial Report**  
**Pending Proposed Change Orders**  
**James F. Knott Construction Company**

PCO	Description	Proposed Amount as of Report Date	Current Status
1064	Flood Wall	\$94,206.00	Pending
1072	Roof Gauge	\$11,323.00	Pending
1079	Change in star patterns in Fritz Tile	\$2,769.00	Pending
1087	Weatherization for concrete	\$16,915.00	Pending
1102	PEPCO Changes	\$30,877.00	Pending
1106	Display Case Electrical	\$1,481.00	Pending
1123	Valley Tubes	\$8,115.00	Pending
1129	WSSC 2" Water Line at Maple/Philadelphia	\$36,549.00	Pending
1142	Miscellaneous Drywall Repairs	\$9,901.00	Pending
1143	Connection of Trench Drain to win 72's	\$2,545.00	Pending
	<b>TOTAL</b>	<b>\$214,681.00</b>	



City of Takoma Park  
Community Center Financial Report  
Summary of Change Orders  
TRG Construction

Change Order	PCO	Days	Description	Amount
1	1	0	Bond and builder's risk insurance	15,269
1	2	0	Additional compensation for delay in NTP	19,440
1	3	3	Additional concrete ceiling demo work	6,112
2	4	0	Different ceiling tile and grid	(1,437)
2	5	10	Renovation of existing lobby and corridor	18,449
2	6	0	Renovation of existing offices (Rec. Dept.)	8,981
2	7	0	Finish options	5,797
2	8	0	Remove existing door no. 225 and replace	2,118
2	13	0	Additional switch and lighting pattern in Teen Room	1,161
2	14A	0	Library site work	(37,491)
3	10	0	Additional data drops	6,461
3	11	0	Secondary control room change	2,568
3	14B	0	Library site work	17,333
3	10	5	Additional drywall and painting in lower level	5,354
3	17	0	Relocate temporary trailer feed	783
3	18	0	New roofs for old portion of building and library	93,049
4	12	0	Replace existing doors with new finish	7,406
4	19	0	Replace roof at existing police department stairs	3,235
4	20	0	Repaint multi-purpose room	583
4	21	0	Install exhaust fan in electrical room	1,232
4	22	3	Remove and replace ceramic tile walls and floors	4,298
4	23	3	Pull Cat 3 and Cat 5 cable	5,940
4	25	2	Demo, form, and pour new sidewalk for install of door no. 247	1,987
4	26	0	Paint CID room	752
4	27	5	Delay in clearing of police archives room for work to proceed	0
4	28	0	Replace leaking waste plumbing in police archives room	9,720
4	29	2	Relocate and add sprinkler heads in conference room	1,003
4	33	5	Install new security hardware and doors in police holding cell area	12,461
5	31	128	Install elevator cab in existing shaft	179,172
5	32	4	Lower electric room exhaust fan	4,104
5	34	3	Install, rewire, and terminate new replacement robotics cameras	7,559
5	35	0	Repair lobby doors	703
5	36	0	Heffner Park	8,515
5	37	0	Dance Room VCT	2,640
		173	<b>TOTAL</b>	415,257

Notes: Shaded items represent non-project related work for which the City retained TRG Construction to perform. Totals \$115,854.

Change orders attributable to Community Center project = \$299,403.